

**COONABARABRAN BOWLING
CLUB CO-OPERATIVE LIMITED**

2013 ANNUAL REPORT

and

**STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED MAY 31st 2013**



Coonabarabran Bowling Club

Edwards Street, Coonabarabran NSW 2357 Bar: 02 6842 1349
PO Box 288, Coonabarabran NSW 2357 Fax: 02 6842 2371

Office: 02 6842 1344 Email: co55792@bigpond.net.au

To all Members of the Coonabarabran Bowling Club,

Notice is hereby given that the 68th Annual General Meeting of the Coonabarabran Bowling Club Co-operative Limited will be held in the Clubhouse Auditorium, Edwards Street, Coonabarabran NSW 2357, on Sunday 13th October, 2013 at 10.00am.

AGENDA

1. OPEN MEETING
2. APOLOGIES
3. DECLARATION OF INTERESTS
4. CONFIRMATION & ADOPTION OF THE MINUTES OF THE 67th AGM
5. BUSINESS ARISING FROM MINUTES AGM 14th OCTOBER 2012
6. ADOPTION OF THE ~ Directors Reports, Statement of Financial Performance, Statement of Financial Position & Auditor's Report for Financial Year Ended 31st May, 2013
7. ONE MINUTES SILENCE ~ In remembrance of deceased members
8. TO FIX PRESIDENTIAL ALLOWANCE FOR THE ENSURING YEAR
9. TO FIX HONOURARIUMS FOR THE ENSURING YEAR
10. TO CONSIDER ANY RESOLUTIONS OR SPECIAL RESOLUTIONS
11. TO APPOINT AN AUDITOR
12. ELECTION OF OFFICERS FOR THE ENSURING YEAR CONSISTING OF ~
President
Senior Vice President
Junior Vice President
Treasurer
Directors ~ Two (2) positions
Bowls Secretary (Not a Board Position)
13. SET MEMBERSHIP FEES
14. GENERAL BUSINESS ~ under this term of the agenda the meeting may make recommendations for the consideration of the Board of Directors.

Note: Only full financial members, special members and life members are entitled to take part in any discussion or vote at the Annual General Meeting.
Social members are only entitled to vote on the election of the Board and the setting of Honorariums. All members are welcome to attend.

Robert Tootell
Acting Secretary Manager

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COONABARABRAN BOWLING CLUB CO-OPERATIVE LIMITED (Continued)

Audit Opinion

In our opinion,

1.
 - a) The financial statements of Coonabarabran Bowling Club Co-Operative Limited are properly drawn up so as to give a true and fair view of the state of affairs of the Co-operative as at 31 May 2013, and of the statement of financial position and cash flows for the year then ended.
 - b) The financial statements have been prepared in accordance with the Co-operative's Act 1992, Co-operation (Accounts and Audit) Regulation 2005 and with applicable approved accounting standards and other mandatory professional reporting requirements.
2. We have obtained all the information and explanations as required.
3. The Co-operative has kept proper accounting records and other records as required by the Co-operatives Act 1992 and the Co-operation (Accounts and Audit) Regulation 2005.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 21 in the financial statements which indicates that the co-operative incurred a loss of \$2,444 for the year ended 31 May 2013 and its current liabilities exceed current assets by \$113,917. Further Note 20 indicates the co-operative lost a legal case in July 2013 and is subsequently required to pay \$101,371 to the plaintiff on a repayment scheme and a further \$48,588 in its own legal costs. Community Mutual Ltd has indicated it will provide a further \$80,000 loan facility and continue to provide financial support with the current facilities in place provided the co-operative reduces its expenditure and improves performance. If the co-operative's performance deteriorates, then the Credit Union will become actively involved in improving the co-operative's financial performance. If the ongoing support by Community Mutual Ltd was removed, the audit opinion of the co-operative would be changed to a qualified audit report based on continuation as a going concern. These conditions, along with other matters as set forth in Note 21, indicate the existence of a material uncertainty which may cast significant doubt about the co-operative's ability to continue as a going concern.

LUKA GROUP

2 River Street
Dubbo

Dated: 11 September 2013

JM SHANKS
PARTNER



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COONABARABRAN BOWLING CLUB CO-OPERATIVE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Coonabarabran Bowling Club Co-operative Limited, which comprises the statement of financial position as at 31 May 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the Co-operative are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-operatives Act 1992 and Co-operation (Accounts and Audit) Regulation 2005. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Co-operative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.



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Minutes of the 67th Annual General Meeting of the Coonabarabran Bowling Club Co-operative Limited held at the Auditorium of the Coonabarabran Bowling Club, Edwards Street Coonabarabran on Sunday the 14 October 2012

1. MEETING OPENED: Meeting opened 10:40am
PRESENT: See record of attendance sheet 57 members present
APOLOGIES: R Charlton, Del Milevski
2. 2.1 Moved Ralph Jackson / Olive Berney apologies are accepted
Carried

President Des White welcomed Auditor Jeff Shanks from the Morse Group and thanked all members for attending

3. DECLARATION OF INTERESTS
NIL
4. CONFIRMATION & ADOPTION OF THE MINUTES OF THE 66th ANNUAL GENERAL MEETING
 - 4.1 Moved Norm Buchanan / Jim Evans that minutes of the 66th AGM be adopted as a true and accurate record *Carried*
5. BUSINESS ARISING FROM MINUTES OF THE 66th AGM
NIL
6. ADOPTION OF THE DIRECTORS REPORT, STATEMENT OF FINANCIAL PERFORMANCE, STATEMENT OF FINANCIAL POSITION and AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31st MAY 2012
All reports were taken as read and President asked if any questions from the floor.
Questions from the Floor:
NIL



6.1 Moved Tom Clare / Dimitri Mitevski the Directors report, Statement of financial performance, Statement of financial position and Auditors report for the financial year ended 31st May 2012 are adopted *Carried*

7. ONE MINUTES SILENCE IN REMEMBRANCE

8. TO FIX A PRESIDENTIAL ALLOWANCE FOR THE ENSURING YEAR

8.1 Moved Ralph Jackson / John Franklin that presidential allowance Remain at \$3500 for the 2012 – 2013 term of office *Carried*

9. TO FIX HONORARIUMS

9.1 Moved David Vallette / John Walden the following honorariums be granted for the ensuring year,

- a) i) All Directors completing 12 months of service to the Board of the Coonabarabran Bowling Club to receive \$120 each.
- ii) Any Director not completing 12 months of service to the Board of the Coonabarabran Bowling Club to receive \$10 for each meeting attended.
- b) Treasurer to receive \$1000 in addition to clause a).
- c) Head of House to receive \$600 in addition to clause a).
- d) Head of Games to receive \$600 in addition to clause a).
- e) Head of Greens to receive \$400 in addition to clause a).
- f) Bowls Secretary to receive \$500 in addition to clause a).
- g) Building maintenance & repairs person to receive \$800 in addition to clause a).
- h) Stock control & ordering person to receive \$650 in addition to clause a).

If a Director or member has not completed 12 months of service in the positions of clause b) through to h) then a pro rata payment based on length of time position held will be made. *Carried*

10. TO CONSIDER ANY RESOLUTIONS OR SPECIAL RESOLUTIONS

10.1 Nil

11. TO APPOINT AN AUDITOR

11.1 Moved Norm Buchanan / John Walden that Auditor Jeff Shanks of the Morse Group be appointed for 2012/2013 Financial year *Carried*

12. ELECTION OF OFFICER FOR THE ENSURING YEAR

The President announced that Lee Britton had been appointed as Returning Officer & John Walden and Peter Young as Scrutineers .

Two nominations for President being Des White and Ralph Jackson

22. SEGMENT REPORTING

The co-operative operates predominantly in one business and geographical segment being the operation of a licensed club in Australia.

23. CO-OPERATIVE DETAILS

The registered office and principal place of business of the co-operative is:

Coonabarabran Bowling Club Co-Operative Limited
Edwards Street
COONABARABRAN NSW 2357

End of the Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

19. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (Continued)

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013). AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value management. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy and enhanced disclosures regarding all assets and liabilities to be measured at fair value.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013). These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The co-operative does not have any defined benefit plans and so is not impacted by the amendments.

AASB 119 (September 2011) also includes changes to require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and, the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- a) For an offer that may be withdrawn – when the employee accepts;
- b) For an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- c) Where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions when the related restructuring costs are recognised.

20. EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

In July 2013, the co-operative lost a legal case and was required to pay \$101,371 to the plaintiff and a further \$48,588 to cover the co-operative's legal costs. The repayment to the plaintiff required \$22,000 up front with the remaining \$79,371 to be repaid in instalments over the next two years with the final repayment occurring by 31 May 2015.

The Club entered discussions with Community Mutual Ltd around providing support both in the short and longer terms based on cash flow concerns. In early September 2013, Community Mutual agreed to provide the Club with a further loan facility of \$80,000 with the remaining facilities to continue in place at current levels. The co-operative is required to tighten its expenditure and to provide monthly financial reports to the Credit Union. If the co-operative's performance deteriorates, then Community Mutual Ltd will actively work with the co-operative to improve its financial performance.

The co-operative has a budget for 2014 that will result in a good profit based on significantly reducing expenditure to bring key performance indicators back to within industry norms.

21. GOING CONCERN

As at 31 May 2013 the co-operative's current liabilities exceeds current assets by \$113,917 (2012 - \$147,832) and the co-operative incurred a loss of 2,444 for the year. The loss of the legal case has in July 2013 has further exacerbated the co-operative's already poor financial position. As stated in Note 20, Community Mutual Ltd has indicated further loan facilities and ongoing support of the co-operative will be available over the next financial year provided the co-operative provides monthly financial reports to the Credit Union and the co-operative's performance is improved.

Des White was declared elected as President

One nomination was received for Senior Vice President position ~ Norm Buchanan was declared elected.

One nomination was received for Junior Vice President ~ Olive Bemeay was declared elected

One nomination was received for Treasurer ~ Peter Sweeney was declared elected

Two nominations were received for Directors ~ Mark Mylecharane and Gordon McAlpine were declared elected

A joint nomination for Bowls Secretary was received from John Franklin & Bob Tootell. They were elected.

12.1 Moved Peter Young / Dimitri Mitevski that voting forms be destroyed after 1 month had elapsed. *Carried*

13. SET MEMBERSHIP FEES

13.1 Moved Mark Mylecharane / Brian McKay Special membership remain at \$45 Carried

13.2 Moved Norm Buchanan / Trevor Jackson Social membership remain at \$11

13.3 Moved Jim Eyzans / Ralph Jackson Junior membership remain same

14. GENERAL BUSINESS

The following recommendations to the Board were received :
That the Board give consideration to placing Barry Wilkinson's name on No 3 green

16. MEETING CLOSED 11.16 am

Kevin Birchall
Secretary Manager

PRESIDENT'S REPORT

Dear Members,

The operating loss this year of \$2,444.00 is a big improvement on last year but it is still a loss and coupled with our lost court case means the Club will again struggle financially. A meeting with the Club's Auditor and a Voluntary Administrator has shown the Club can make a substantial profit providing we follow their guidelines.

My thanks to all those members who volunteered their help throughout the year.

A special mention to Barry Wilkinson for his years of dedication to the greens, who many believe are the best they have played on.

To Management, Staff and fellow Directors thank you for your help and support.

Des White – President



HOUSE REPORT

Dear Members,

Firstly a big thank you to our members for your support over the past 12 months in your continued attendance to our weekly entertainment. Thank you to Jeanette Capewell (Missile) for her continued hard work with Bingo and to Carol Markey and some of the ladies who have assisted with the calling of Bingo each week.

Thank you to Des, Roy, Betty and Loretta for your assistance with Market night every Friday. On behalf of our patrons who attend Euchre, Poker, Darts, etc and those who have joined our Saturday afternoon Punting Club, I thank our volunteers Des and Norm and the other volunteers for taking the time to run these events.

Having just completed my 4th year as House Chairperson of the Club, I realise just how much time and effort the volunteers of the Club put in to the running of the Club's weekly entertainment.

I would like to thank my committee members for their help and support. Thank you to Mark Mylecharance, Jim Evans and Gregg Coubrough for their assistance with the hanging of the decorations for Christmas and the Coona Cup.

A special mention must go to Nerida Waterford for her valued assistance throughout the year with the selling of the 100 Club each week and also for the wonderful job she did in making the new curtains for our stage in the Auditorium. Thank you Nerida.

We still have several organisations who are holding their weekly, bi-weekly and monthly meetings at our Club. We thank them for their patronage. The Auditorium has been utilised over the past 12 months for various functions. Keep your eyes posted for the functions coming up in the 2013 – 2014 financial year and remember to keep supporting your Club. WE need you.

Olive Berney, House Chairperson



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2013

(Continued)

18. FINANCIAL INSTRUMENTS (Continued)

18.3 Net fair values

The net fair values of financial assets and liabilities approximates the carrying value. No financial assets or financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

18.4 Sensitivity Analysis

The co-operative has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

At 31 May 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2013	2012
	\$	\$
Change in profit/loss		
Increase in interest rate by 1%	(2,555)	(2,754)
Decrease in interest rate by 1%	2,555	2,754
Change in equity		
Increase in interest rate by 1%	(2,555)	(2,754)
Decrease in interest rate by 1%	2,555	2,754

The sensitivity analysis has been performed on the assumption that all other variables will remain unchanged.

19. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the co-operative. The co-operative has decided not to early adopt any of the new and amended pronouncements. A discussion of those future requirements and their impact on the co-operative is as follows:

- AASB 9: Financial Instruments and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9. These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- o Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- o Removing the tainting rules associated with held to maturity assets;
- o Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
ABN 64 383 657 304

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

18. FINANCIAL INSTRUMENTS (Continued)

18.2. Interest Rate Risk

The co-operative's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the weighted average interest rates on those financial assets and financial liabilities, is as follows:

Financial Instrument	Floating interest rate		Fixed interest rate maturing in:				Non-interest bearing		Total carrying amount as per the statement of comprehensive income		Weighted average effective interest rate	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial assets												
Cash at bank	22,467	16,039	-	-	-	-	-	-	22,467	16,039	0.03	0.9
Cash on hand	-	-	-	-	-	-	45,285	45,285	45,285	45,285	-	-
Trade and other receivables	-	-	-	-	-	-	13,346	14,803	13,346	14,803	-	-
Total financial assets	22,467	16,039	-	-	-	-	58,631	60,088	81,098	76,127		
(ii) Financial liabilities												
Bank overdraft	32,106	39,740	-	-	-	-	-	-	32,106	39,740	10.5	10.5
Trade and other payables	-	-	-	-	-	-	170,682	184,101	170,682	184,101	-	-
Lease liability	-	-	19,030	18,911	11,093	10,581	-	-	30,123	29,492	9.8	9.8
Bank loan	215,776	200,000	-	-	-	-	-	-	215,776	200,000	7.6	8.3
Total financial liabilities	247,882	239,740	19,030	18,911	11,093	10,581	170,682	184,101	448,687	453,333		

Dear Members,

TREASURER'S REPORT

It is with pleasure that I present this year's Financial Report. With all the hard work done by your Board, ably supported by the Acting Secretary Manager Bob Tootell, former Secretary Manager, Kevin Birchall and Jo Hadfield in the office, along with our wonderful staff, and the support of so many of our members over the past 12 months, I am pleased to report that, as at 31st May this year your Club's financial position is in a far healthier state than was the case 12 months ago.

This year's operating loss of \$2444 allows for \$105,732 non-cash expense (depreciation and amortisation), up \$35 on last year. This equates to a before depreciation operating profit of \$103,288, up \$94,858 on last year's performance, where the Club's bottom line showed an operating loss of \$97,267. Total assets (member's equity) stands at \$454,369. Total liabilities of \$505,386 are down \$25,877 (4.9%) on last year's figures, reflecting a decrease of \$22,350 in total current liabilities along with a decrease of \$3,527 in total non-current liabilities, compared to last year.

Your Club's current asset ratio (current assets divided by current liabilities) stands at 53.73% (up by 7.78% on last year). Contributing to this year's improved performance was a cut of \$131,902 in total expenditure, (down 6%) from last year's total expenditure of \$2,190,144 which outweighed a decrease of \$37,079 (1.8%) on last year's total revenue of \$2,092,877.

Major factors affecting total revenue for the year include: Bar sales of \$641,362, up 11.8% on last year

- Bistro sales of \$440,429, down 5.8% on last year
- Poker machine revenue of \$729,287, down 8.6% on last year
- Keno commission, down \$12,024 (16.7%) on last year

However, on the other side of the ledger, the major factors in curtailing the Club's total expenditure include:

- a decrease of \$14,767 (1.7%) to \$863,162 in employee wages, compared to last year
- a decrease of \$26,720 (40.3%) to \$39,566 in promotional meals provided by the bistro
- a decrease of \$18,548 (36.2%) to \$32,734 in repairs and maintenance costs
- a decrease of \$10,275 (66%) to \$5,293 in advertising costs

In conclusion, however, it has to be said that, despite the improvement in the Club's financial position over the past 12 months, your Club, along with many businesses in Coonabarabran, still faces many challenges in the coming months to remain financially healthy as the town strives to recover from last January's devastating bushfire. However, always the optimist, I feel sure that with continued support from you, the members, all pulling in the same direction, we can all look forward to the future growth of our Club with some degree of confidence. I am reminded of two old sayings that I feel are appropriate at this point in time:

"One for all and all for one", and, probably the most important saying of all, "use it or lose it"

Peter Sweeney - Treasurer



GREENS REPORT

Dear Members,

Another year has come and gone with several changes. The biggest being the retirement of Barry Wilkinson, our greenkeeper after 46 years. A great effort by a great bloke.

We will be trying the greenkeeper position on a contract basis, which seems to be the way of the world today.

I would also like to thank all the volunteers who throughout the year made this Club something Coonabarabran can really be proud of.

We have two schools bowling most weeks
Tuesday afternoon is mixed bowls (Social)
Wednesday mornings is Croquet
Thursday mornings is Ladies Bowls
Sunday mornings Sparrows (mixed Social)
Sunday afternoons Mens Regulation

We also play pennants, both Ladies and Mens as well as championships, so with Carnivals and charity days we remain one of the few Clubs that still require three greens.

A big result by all players.

Mark Mylecharane — Head of Greens



BOWLS REPORT

Dear Members,

Most of the club championships have been played, and I congratulate the winners. Nominations for most championship games were down this year and that is very disappointing. As far as pennants is concerned mixed results for the threes with a couple of good wins and a few close games. The sevens on the other hand had a disappointing year.

I would like to thank all the pennant players for giving up there time and supporting the club.

I would also like to thank the green staff for preparing the greens, the bar staff and the kitchen staff for their support, especially when visiting bowlers came to the club to enjoy our hospitality, also the management and the helpers who gave their time in supporting the events through the year.

A big thank you must go to Des White and Roy Charlton for running the Easter Carnival this year. It was another success and will hopefully continue to be so in the coming years.

There will be things happening next year so keep an eye on the notice board, but most of all get out there and enjoy your bowls.

Norm Buchanan — Games Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2013

(Continued)

2013
\$

2012
\$

16. CAPITAL AND LEASING COMMITMENTS (Continued)

16.2 Operating lease commitments

Operating lease commitments contracted for:

Payable not later than 1 year	33,268	35,367
Later than 12 months but not later than 5 years	86,390	112,352
	<u>119,658</u>	<u>147,719</u>

Operating leases on plant and equipment items commenced between 2011 and 2012 and have lease periods of between four and five years. The leases are for the hire and maintenance of equipment. Lease commitments may vary depending upon the volume of goods leased or the level of maintenance required.

17. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

18. FINANCIAL INSTRUMENTS

18.1. Financial Risk Management

The co-operative's financial instruments consist mainly of deposits with banks, short and long term borrowings and accounts receivable and payable. The main risks the co-operative is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Credit risk

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount, net of provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The co-operative does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the co-operative.

Credit risk is managed by the co-operative and reviewed regularly by the directors. It arises from exposure to customers as well as through deposits with financial institutions.

Liquidity risk

The co-operative manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
[Continued]

	2013	2012
	\$	\$

14. NOTES TO THE CASH FLOW STATEMENT (Continued)

14.3 Credit standby arrangements and loan facilities (Continued)

Credit card	30,000	30,000
Amount utilised	-	-
Available	30,000	30,000

The bank overdraft facility is arranged with Community Mutual Ltd with the general terms and conditions being agreed and set annually. Interest rates are variable and subject to adjustment. The facility is due for renewal on an annual basis.

The interest only loan facility is arranged with Community Mutual Ltd and has a current interest rate of 7.6% pa.

15. KEY MANAGEMENT PERSONNEL

The co-operative reviews the remuneration packages of all key management personnel on an annual basis.

Total remuneration received by or due to key management personnel in exchange for services rendered to the club.

	Salary and fees	Superannuation	Total
	\$	\$	\$
2013	123,206	10,911	134,117
Total compensation	123,206	10,911	134,117
2012	85,060	7,584	92,644
Total compensation	85,060	7,584	92,644

16. CAPITAL AND LEASING COMMITMENTS

16.1 Finance lease commitments payable

Payable - minimum lease payments	22,050	21,237
Not later than 12 months		
Later than 12 months but not later than 5 years	12,348	11,464
Minimum lease payments	34,398	32,701
Less: future finance charges	(4,275)	(3,209)
Total lease liability	30,123	29,492

The finance leases on poker machines commenced between 2011 and 2012 and have lease periods of three years.

DONATIONS

For the tax garning purposes the year is 1st September 2012 until 31st August 2013. The total amount of profits (within the meaning of Garning Machine Tax Act 2001) for this 12 months period \$778,421.

The Club did not exceed the threshold to be liable to pay any CDSE under the Act but made donations and sponsorships to community organisations to value \$10,759 during this twelve month period.

Some of the organisations to receive monies:

- 2WCR FM 99.5
- WARRUMBUNGLE ARTS & CRAFTS
- COONABARABRAN RUGBY LEAGUE FOOTBALL CLUB
- NORTH WEST EQUESTRIAN EXPO
- COONABARABRAN PUBLIC SCHOOL
- ST LAWRENCE CATHOLIC SCHOOL
- WESTPAC RESCUE HELICOPTER SERVICE
- COONABARABRAN HIGH SCHOOL
- COONABARABRAN YOUTH CLUB
- COONABARABRAN JOCKEY CLUB
- AUSTRALIAN TENT PEGGING ASSOCIATION

REGISTERED CLUBS ACT 1976

Under Section 41j (2) of the Registered Clubs Act 1976 the Board of the Coonabarabran Bowling Club Co-operative Limited at a meeting held on the 9th September, 2010 resolved that the Clubs Assets are classified as follows:

Club House and Land Edwards Street	Core
Vacant Land Edward Street	Non Core

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

13. PROVISIONS (Continued)

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these statements.

2013	2012
\$	\$

14. NOTES TO THE CASH FLOW STATEMENT

14.1 Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows equates to:

Cash and cash equivalents	67,752	61,324
Less bank overdraft	(32,106)	(39,740)
Cash as per statement of cash flows	<u>\$35,646</u>	<u>\$21,584</u>

14.2 Reconciliation of cash flow from operations with operating result

Loss from operations	(2,444)	(97,267)
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Non-cash flows in profit from ordinary activities:

Depreciation	105,732	105,697
Net (gain)/loss on disposal of assets	(3,784)	32

Changes in assets and liabilities

(Decrease)/increase in provisions	(21,231)	(5,055)
(Decrease)/increase in payables	(13,419)	62,798
(Increase)/decrease in inventories	(5,717)	1,203
Decrease/(increase) in receivables	1,457	(8,063)
Increase/(decrease) in other current assets	(677)	29

Cash flow from operations	<u>\$59,717</u>	<u>\$59,374</u>
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14.3 Credit standby arrangements and loan facilities

Overdraft facilities	100,000	100,000
Amount utilised	(32,106)	(39,740)

Available	<u>\$67,894</u>	<u>\$60,260</u>
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Interest only loan facility	200,000	200,000
Amount utilised	(200,000)	(200,000)

Available	<u>\$-</u>	<u>\$-</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

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	2013	2012		Page No.
	\$	\$		
11. TRADE AND OTHER PAYABLES				
Current			Directors' Report	1-3
Trade payables	118,721	131,320	Directors' Declaration	4
Accrued expenses	39,994	40,546	Statement of Comprehensive Income	5
Subscriptions received in advance	9,785	10,828	Statement of Financial Position	6
GST liability	2,182	1,407	Statement of Cash Flows	7
	<u>\$170,682</u>	<u>\$184,101</u>	Statement of Changes in Equity	8
All payables are expected to be paid within the terms of trade.				
12. FINANCIAL LIABILITIES			Notes to the Financial Statements	9-26
Current			Auditor's Report to the Members	27-28
Bank overdraft	32,106	39,740		
Lease liabilities	19,030	18,911		
	<u>\$51,136</u>	<u>\$58,651</u>		
Non-Current				
Lease liabilities	11,093	10,581		
Bank loan secured	215,776	200,000		
	<u>\$226,869</u>	<u>\$210,581</u>		
a. Total current and non-current secured liabilities	<u>\$215,776</u>	<u>\$200,000</u>		
Loan secured – Community Mutual Ltd				
b. Total carrying amount of non-current assets pledged as security are:				
First Mortgage	\$331,081	\$352,814		
Freehold land (including greens) and buildings				
13. PROVISIONS				
Current				
Annual leave	\$24,382	\$25,798		
Non-current				
Annual leave	7	7,833		
Long service leave	32,310	44,299		
	<u>\$32,317</u>	<u>\$52,132</u>		

DIRECTORS' REPORT

Your directors present their report on the Co-operative for the financial year ended 31 May 2013.

Directors

The names of the directors in office at any time during and to the date of this report are:

Des White
Norm Buchanan
Olive Berney
Lee Britton
Roy Charlton
Gordon McAlpine
Mark Mylecharane
Peter Sweeney
(resigned 14 October 2012)
(resigned 14 October 2012)
(appointed 14 October 2012)
(appointed 14 October 2012)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The Co-operative incurred a loss of \$2,444 for the year compared to a loss of \$97,267 in the prior year. Revenue has decreased by \$37,079 (1.8%) to \$2,055,798 from the prior year. Significant movements include bar sales increased by \$67,624 (11.8%) to \$641,362, bistro sales decreased by \$27,113 (5.8%) to \$440,429, poker machine income decreased by \$68,225 (8.6%) to \$729,287 and keno commission decreased by \$12,024 (16.7%) to \$59,948.

Expenditure has decreased by \$131,902 (6.0%) to \$2,058,242. Significant movements include employee expenses decreased by \$14,767 (1.7%) to \$863,162, promotional meals decreased by \$26,720 (40.3%) to \$39,566, repairs and maintenance decreased by \$18,548 (36.2%) to \$32,734 and advertising decreased by \$10,275 (66%) to \$5,293.

Significant Changes in the State of Affairs

No significant changes in the Co-operative's state of affairs occurred during the financial year.

Principal Activities

The principal activity of the Co-operative during the financial year was to trade as a licensed bowling club. There was no significant change in the nature of that activity during the year.

Events Subsequent to the End of the Reporting Period

In July 2013, the co-operative lost a legal case and was required to pay \$101,371 to the plaintiff and a further \$48,588 to cover the co-operative's legal costs. The repayment to the plaintiff required \$22,000 up front with the remaining \$79,371 to be repaid in instalments over the next two years with the final repayment occurring by 31 May 2015.

The Club entered discussions with Community Mutual Ltd around providing support both in the short and longer terms based on cash flow concerns. In early September 2013, Community Mutual agreed to provide the Club with a further loan facility of \$80,000 with the remaining facilities to continue in place at current levels. The co-operative is required to tighten its expenditure and to provide monthly financial reports to the Credit Union. If the co-operative's performance deteriorates, then Community Mutual Ltd will actively work with the co-operative to improve its financial performance.

COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
ABN 64 383 657 304
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Balance at 31 May 2011	Additions	Disposals	Depreciation	Balance at 31 May 2012	Additions	Disposals	Depreciation	Balance at 31 May 2012
Buildings	352,792	-	-	(20,611)	\$1,793	-	-	(1,382)	\$1,793
Bowling Greens	3,165	-	-	-	\$262,584	-	-	(39,451)	\$262,584
Poker Machines	302,035	-	-	-	7,402	-	-	(44,253)	\$251,920
Plant & Equipment	279,958	16,247	-	(32)	18,850	-	-	(105,697)	\$18,850
Land	18,850	-	-	-	66,062	-	-	-	\$827,432
Total	956,800	16,247	(216)	(105,697)	\$867,318	66,062	(216)	(105,697)	\$827,432
Balance at 31 May 2011	352,792	-	-	(20,611)	\$1,793	-	-	(1,382)	\$1,793
Balance at 31 May 2012	\$311,570	(20,611)	-	(1,122)	\$661	58,660	(80)	(42,116)	\$279,048
Balance at 31 May 2013	\$311,570	(20,611)	-	(1,122)	\$661	58,660	(80)	(42,116)	\$279,048

The co-operative's land and buildings were valued during the 2008 year. The valuation was made on the basis for mortgage security purposes. The valuation of land and buildings was \$1,400,000. The directors have decided to continue recording land and buildings on a cost basis and accordingly no revaluation has been recorded.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

DIRECTORS' REPORT
(Continued)

Events Subsequent to the End of the Reporting Period (Continued)

Except for the above mentioned, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Co-operative and the expected results of these operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Co-operative.

Environmental Regulation

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State.

Dividends

No dividend has been paid or recommended by the Co-operative since the end of the previous financial year.

Meetings of Directors

During the financial year, eleven (11) meetings of directors were held. Attendances by each director were as follows:

Director	Number eligible to attend	Number attended
Des White	11	10
Norm Buchanan	11	11
Olive Berny	11	11
Lae Britton	5	5
Roy Charlton	5	3
Gordon McAlpine	7	4
Mark Mylecharane	7	7
Peter Sweeney	11	11

Directors' Qualifications

Des White	- President
Experience	- Board Member since 1991
Norm Buchanan	- Senior Vice President
Experience	- Board Member since 2009
Olive Berny	- Junior Vice President
Experience	- Board Member since 2009
Peter Sweeney	- Treasurer
Experience	- Board Member since 2002

	2013	2012
7. INVENTORIES		
Bar stock	24,722	24,502
Bistro stock	13,466	7,969
	\$38,188	\$32,471
8. OTHER CURRENT ASSETS		
Prepayments	7,997	7,120
TAB security deposit	5,000	5,000
	\$12,997	\$12,120
9. INVESTMENTS		
Shares - at cost	\$40	\$40
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold land	18,850	18,850
Buildings	747,426	747,426
- at cost	(435,856)	(415,245)
Less: accumulated depreciation	311,570	332,181
Bowling green improvements	62,419	62,419
- at cost	(61,758)	(60,636)
Less: accumulated depreciation	661	1,783
Plant and equipment	508,287	504,579
- at cost	(290,984)	(252,659)
Less: accumulated depreciation	217,303	251,920
Poker machines	497,600	439,007
- at cost	(218,552)	(176,423)
Less: accumulated depreciation	279,048	262,584
Total Property, Plant and Equipment	\$827,432	\$867,318

	2013	2012
	\$	\$
5. CASH AND CASH EQUIVALENTS		
TAB account	5,144	6,418
Keno account	7,312	633
Orana Mutual account	10,011	8,988
Cash on hand	45,285	45,285
	<u>\$67,752</u>	<u>\$61,324</u>

6. TRADE AND OTHER RECEIVABLES		
Trade receivables	10,920	8,402
Other receivables	2,426	6,401
	<u>\$13,346</u>	<u>\$14,803</u>

6.1 Provision for impairment of receivable
 Current trade receivables are generally on 30 day terms. These receivables are assessed for their recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There were \$Nil (2012 - \$Nil) impaired receivables at the end of the reporting period.

6.2 Credit risk
 The co-operative does not have any material credit risk exposure to any single receivable or group of receivables.

	Gross amount \$	Past due but not impaired (days overdue)			Within initial trade terms \$
		31-60	61-90	>90	
2013					
Trade receivables	10,920	-	-	-	10,920
Other receivables	2,426	-	-	-	2,426
Total	<u>13,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,346</u>
2012					
Trade receivables	8,402	-	1,147	-	7,255
Other receivables	6,401	-	-	-	6,401
Total	<u>14,803</u>	<u>-</u>	<u>1,147</u>	<u>-</u>	<u>13,656</u>

The following table details the co-operative's trade and other receivable exposure to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as past due when the debt has not been settled within the terms and conditions agreed between the co-operative and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the co-operative. The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Directors' Qualifications (Continued)

Gordon McAlpine
 Experience
 - Director
 - Board Member since 2012

Mark Mylcharane
 Experience
 - Director
 - Board Member since 2012


Indemnifying Officers or Auditor


No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Co-operative except for premiums paid to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Co-operative.

Proceedings on Behalf of the Co-operative

No person has applied for leave of Court to bring proceedings on behalf or intervene in any proceedings to the Co-operative, is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings. The Co-operative was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.


 DES WHITE
 President


 PETER SWEENEY
 Treasurer

Dated at Coonabarabran this 11th day of September 2013.


NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MAY 2013
 [Continued]


DIRECTORS' DECLARATION

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the Co-operatives Act 1992.
 - a) comply with Accounting Standards and the Co-operation (Accounts and Audit) Regulation 2005; and
 - b) give a true and fair view of the financial position as at 31 May 2013, and the performance for the year ended on that date of the Co-operative.
2. In the directors' opinion there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.


 DES WHITE
 President


 PETER SWEENEY
 Treasurer

Dated at Coonabarbran this 11th day of September 2013.

	2013 \$	2012 \$
3. EXPENDITURE FROM OPERATIONS		
Expenses		
Cost of sales	\$421,595	\$420,710
Employee expenses	755,937	761,646
Salary and wages	68,839	67,203
Superannuation	4,459	5,728
Employee leave entitlements	21,710	21,925
Workers' compensation insurance	8,819	11,703
Payroll tax	1,010	6,277
Staff amenities	126	1,500
Training	2,262	1,947
Uniforms	\$863,162	\$877,929
Depreciation and amortisation of non-current assets		
Buildings	20,611	20,611
Plant and equipment	41,883	44,253
Poker machines	42,116	39,451
Green improvements	1,122	1,382
	\$105,732	\$105,697
Borrowing costs	\$19,866	\$30,360
Property, plant and equipment		
Proceeds on disposal	4,000	-
Disposals at cost	(216)	(32)
Net gain/(loss) on disposal	\$3,784	\$(32)
4. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Cooperative:		
- Auditing services	\$17,650	\$13,200

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2013

	Note	2013 \$	2012 \$
Revenues	2	2,055,798	2,092,877
Changes in inventories		5,717	1,204
Raw materials and consumables used		(427,312)	(421,914)
Employee expenses	3	(863,162)	(877,929)
Depreciation and amortisation expense	3	(105,732)	(105,697)
Finance costs	3	(19,866)	(30,360)
Other expenses		(647,887)	(755,448)
Loss before income tax		(2,444)	(97,267)
Income tax expense	1.1	-	-
Loss for the year		(2,444)	(97,267)
Other comprehensive income		-	-
Total comprehensive income for the year		\$(2,444)	\$(97,267)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.14. Financial Instruments (Continued)
Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the co-operative no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

	2013 \$	2012 \$
Sales Revenue	641,362	573,738
Bar sales	440,429	467,542
Bistro sales	1,081,791	1,041,280

2. REVENUE FROM OPERATIONS

Other Revenue	729,287	797,512
Poker machines	2,958	2,526
ATM commission	15,392	14,868
Bowls	30,936	22,725
Bingo	5,287	4,744
Coffee machine sales	870	1,213
Commission	-	291
Entertainment income	3,784	-
Gain on sale of assets	2,602	914
Green fees	540	598
Interest received	59,948	71,972
Keno income	34,995	37,970
Market night	16,887	16,060
Member subscriptions	6,190	7,493
Other	17,180	17,180
Poker machine subsidy	13,355	19,629
Poker tournament income	26,841	20,967
TAB income	7,295	14,935
Wage subsidy	974,007	1,051,597
Total Revenue	\$2,055,798	\$2,092,877

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.14. Financial Instruments (Continued)

Classification and subsequent measurement (Continued)

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

ii) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking or when they are designated to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management strategy. Such assets are subsequently measured at fair value with changes in value being included in profit or loss.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii) Held to maturity investments

Held to maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the co-operative's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities whether there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with changes in such value recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

v) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the co-operative assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

	Note	2013	2012
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	67,752	61,324
Trade and other receivables	6	13,346	14,803
Inventories	7	38,188	32,471
Other current assets	8	12,997	12,120
TOTAL CURRENT ASSETS		132,283	120,718
NON-CURRENT ASSETS			
Financial assets	9	40	40
Property, plant and equipment	10	827,432	867,318
TOTAL NON-CURRENT ASSETS		827,472	867,358
TOTAL ASSETS		959,755	988,076
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	170,682	184,101
Financial liabilities	12	51,136	58,651
Short term provisions	13	24,382	25,798
TOTAL CURRENT LIABILITIES		246,200	268,550
NON-CURRENT LIABILITIES			
Financial liabilities	12	226,869	210,581
Long term provisions	13	32,317	52,132
TOTAL NON-CURRENT LIABILITIES		259,186	262,713
TOTAL LIABILITIES		505,386	531,263
NET ASSETS		\$454,369	\$456,813
EQUITY			
Retained earnings		454,369	456,813
TOTAL EQUITY		\$454,369	\$456,813

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 1.12. **Comparative amounts**
Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.
- 1.13. **Leases**
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the co-operative, are classified as finance leases. Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.
Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.
- 1.14. **Financial Instruments**
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the co-operative becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the co-operative commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).
Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.
Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.
Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction in impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.
The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of income or expense item in profit or loss.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2013

	2013	2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,263,766	2,293,631
Interest received	540	598
Payments to suppliers and employees	(2,184,723)	(2,204,495)
Finance costs	(19,866)	(30,360)
Net cash provided by operating activities	59,717	59,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of plant and equipment	4,000	-
Purchase of property, plant and equipment	(66,062)	(16,247)
Net cash used in investing activities	(62,062)	(16,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	30,415	-
Increase in finance lease commitments	31,752	-
Repayment of borrowings	(14,639)	(70,312)
Repayment of finance lease commitments	(31,121)	-
Net cash provided by / (used in) financing activities	16,407	(70,312)
Net increase/(decrease) in cash held	14,062	(27,185)
Cash at the beginning of the financial year	21,584	48,769
Cash at the end of the financial year	\$35,646	\$21,584

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2013

	Retained earnings \$	Total \$
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)		
1.7. Critical accounting estimates and judgments (Continued)		
<i>Key estimates – Impairment</i>		
The co-operative assesses impairment at each reporting date by evaluating conditions specific to the co-operative that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.		
1.8. Employee benefits		
Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.		
1.9. Trade and other payables		
Trade and other payables represent the liabilities for goods and services received by the co-operative that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.		
1.10. Revenue		
Revenue from the sale of goods or rendering of services is recognised upon the delivery of the goods or services to members and guests.		
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.		
All revenue is stated net of the amount of goods and services tax (GST).		
1.11. Goods and Services Tax (GST)		
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.		
Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.		
	Balance at 31 May 2011	554,080
	Loss for the year	(97,267)
	Total comprehensive income for the year	-
	Balance at 31 May 2012	456,813
	Loss for the year	(2,444)
	Total comprehensive income for the year	-
	Balance at 31 May 2013	\$454,369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Co-operatives Act 1992 and the Co-operation (Accounts and Audit) Regulation 2005.

The financial statements cover the financial entity Coonabarabran Bowling Club Co-Operative Limited which is a co-operative incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB have concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

1.1. Income tax

The Co-operative is exempt from Income Tax under Section 50.45 of the Income Tax Assessment Act 1997.

1.2. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

1.3. Inventories

Inventories are measured at the lower of cost and net realisable value.

1.4. Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amount.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when identified.

1.5. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5. Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the co-operative commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Poker machines	10%
Leased poker machines	10%
Green improvements	5%-20%
Plant and equipment	5%-27%
Leased plant and equipment	10%
Buildings	2.5%-7%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

1.6. Impairment of assets

At each reporting date, the co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the co-operative would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an assets class, the co-operative estimates the recoverable amount of the cash generating unit to which the class of assets belong.

1.7. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the co-operative.